

Memorandum

To: Panel Members Date: October 24, 2002

From: Charles Rufo, Manager
Peter DeMauro, General Counsel Analyst: S. Joyce

Subject: One-Step Agreement for **Sunsweet Growers Incorporated (HUA)**
(www.sunsweet.com)

CONTRACTOR:

- Training Project Profile: Retraining companies with out-of state competition
Training in High Unemployment Areas of California
- Legislative Priorities: Promotion of California's Manufacturing Workforce
Moving to a High Performance Workplace
- Type of Industry: Agriculture Related Service
- Repeat Contractor: No
- Contractor's Full Time Employees:
 - Company Wide: 660
 - In California: 570
- Fringe Benefits: Yes
- Union Representation: Yes
- Name and Local Number of Union
representing workers to be Trained: Teamsters Cannery Workers and Warehousemen Union
Local 857

CONTRACT:

- Program Costs: \$65,000
- Substantial Contribution: \$0
- Total ETP Funding: \$65,000
- In-Kind Contribution: \$97,525
- Reimbursement Method: Fixed-Fee
- County(ies) Served: Yuba
- Duration of Agreement: 24 Months

SUBCONTRACTORS:

Job Link, Modesto, California, \$72,000 for Manufacturing Skills and Continuous Improvement training.
Parker, Land and Associates, Oakdale, California, \$8,450, for Project administration.

THIRD PARTY SERVICES:

Parker, Land and Associates, Oakdale, California, \$2,500 for Project Development.

NARRATIVE:

Sunsweet Growers Inc., is eligible for ETP funding as a manufacturer of food and kindred products under Title 22, California Code of Regulations, Section 4416 (b).

Sunsweet Growers Inc. (Sunsweet) was established in 1917 as the California Prune and Apricot Growers Association to market the crops of its members at better prices than were offered by speculative buyers. The name Sunsweet was later established as the co-op brand name and adopted as the organization's corporate name.

Sunsweet processes and markets dried fruit of over 650 grower-members located in the Sacramento and San Joaquin valleys. It is the world's largest handler of dried tree fruits; specifically prunes, apricots, pears and apples. The dried fruit is made into various products. Some are cut and packed into cartons, bags, bulk cases, cans and jars. Other fruit is juiced and packaged in cartons or cans. The Yuba City plant packages 60,000 to 80,000 cases of dried fruit and juice products per day and distributes these products throughout the world.

The Sunsweet plant is located in Yuba City, Sutter County. Sutter County is designated as a High Unemployment area of California, with an unemployment rate of 8 percent in August 2002, but the company does not require a wage waiver to proceed with this proposal.

The economic downturn, beginning in March, 2001, negatively affected Sunsweet's United States market. That negative trend spread to the European and Asian markets. To remain in operation, it is imperative that Sunsweet find ways to reduce costs, improve quality and rebuild its client base.

Technology is constantly evolving to improve the quality of the products and the process performance. To remain competitive in the market, Sunsweet must strive to keep all employees trained in the latest manufacturing technology and manufacturing practices. Company-wide assessments determined that a formal training program containing structured classroom training would strengthen continuous improvement and manufacturing skills and ultimately improve the company's production, efficiency and product quality.

Continuous Improvement: All trainees in this proposal will be included in this training. The training will include Locating Information and Observation. Locating Information Skills improvement will allow employees to read basic order forms, line graphs, gauges, standard tables, basic diagrams, and flowcharts. Employees will be able to locate information in these graphics, summarize and/or compare information and determine the relationship among the graphics.

NARRATIVE: (continued)

Observation Skills will train employees to select and focus on important details from simple to difficult procedures used by the mechanics. The employees will be able to retain important details concerning safety and product quality, remain focused and notice subtle differences. The operators will improve these skills while doing their individual jobs and observing the entire manufacturing process. The end result will be an improvement in the company's product quality and safety. Mechanics will be able to correctly and efficiently dismantle equipment, diagnose production and plant facility equipment malfunctions and breakdowns.

Manufacturing Skills: Mechanics, Quality Assurance Lab Assistants, and Machine Operators will be included in this training. The training will include Applied Technology and will allow employees to increase their knowledge and skills in mechanics, electricity, fluid dynamics and thermodynamics. Maintenance Mechanics will increase their ability to troubleshoot production and plant equipment (e.g. auto-packer, case/tray former and palletizer) malfunctions and breakdowns more efficiently. Machine Operators will improve their performance on machine maintenance and setting up lines by referring to the Run Sheet and adjusting machines to product needs thus being able to keep up with new products.

The Teamsters Cannery Workers and Warehousemen Union Local 857 provided written support for this proposal.

Supplemental Nature of Training

Sunsweet's prior training involved equipment and workplace skills training on an as-needed basis. The training was inconsistent, without structure and given by experienced employees in an on-the-job training environment. Job shadowing, management skills and generic training were offered to employees in the past. Class training was reserved for upper management employees.

The proposed training is planned to improve workplace success as well as shorten the plants downtime. The training will be offered in a classroom environment. Structured, On-Site Training (SOST) paid by the employer will be given following the class/lab training.

In-Kind Contribution

Sunsweet estimates that \$74,400 will be invested in employees' wages during the classroom training. An additional \$23,125 will be spent for training materials and the employer-paid SOST.

COMMENTS:

All participants in this project meet the Panel definition of frontline worker under Title 22 California Code of Regulations, Section 4400 (ee), except eight supervisors.

PROPOSED ACTION:

Staff recommends that the Panel approve this One-Step Agreement for Sunsweet Growers Inc., if funding is available and the project meets Panel's priorities. Company officials state that the training will help Sunsweet Growers Inc., establish a foundation of productivity, viability, and customer satisfaction in an increasingly competitive market and will consequently allow the company to contribute positively to the economy of California.

TRAINING PLAN:

| Grp/Trainee Type | Types of Training | No. Retain | No. Class/Lab Videocnf. Hrs | No. CBT Hrs | No. SOST Hrs. | Cost per Trainee | Hourly Wage after 90 days |
|---|---|-------------------|------------------------------------|--------------------|--|-------------------------|--|
| 1/Retrainees | Business Skills Continuous Improvement Manufacturing Skills | 125 | 40 | 0 | 0 | \$520 | \$13.04 - \$22.00 |
| | | | | | <u>Range of Hourly Wages</u> | | |
| | | | | | \$13.04 - \$22.00 | | |
| | | | | | <u>Prevalent Hourly Wage</u> | | |
| | | | | | \$14.88 | | |
| | | | | | <u>Average Cost per Trainee</u> | | |
| | | | | | \$520 | | |
| <u>Health Benefit used to meet ETP minimum wage:</u> | | | | | <u>Turnover Rate</u> | | <u>% of Mgrs & Supervisors to be trained:</u> |
| N/A | | | | | 3.14% | | 6.4% |

Sunsweet Growers Inc.

Menu Curriculum

40 Class Lab Hours

Trainees will Receive any of the following:

1. Continuous Improvement

- Team concepts
- Process Improvement
 - Processed Foods
 - Container Handling
 - Container Closure
- Quality Concepts
- Production Operations

2. Manufacturing Skills

- Filler Equipment
- Hazer Equipment
- Caser Equipment
- Labeler Equipment
- PLC's (Programmable Logic Controls)
- Hydraulics
- Electrical
- Trouble Shooting
- Equipment Maintenance